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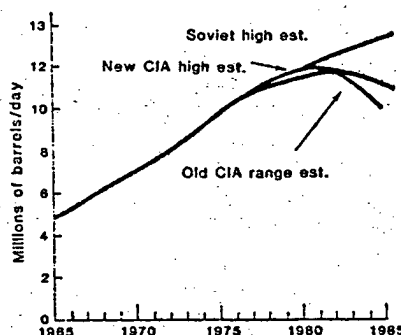
Soviet Oil Decline Put Off 3 Years

The Central Intelligence Agency (CIA) in May indirectly admitted an error in forecasting Soviet oil production rates by revising a controversial report first issued with President Carter's energy message in 1977. In effect, the agency agreed with those of its critics who have said the Soviet Union is not about to face an oil crisis in the early 1980's.

The new CIA outlook changes the message of the 1977 study, which estimated that Soviet crude oil production would peak in the near future, perhaps as early as 1978, at 11 million barrels per day (MBD) or as late as 1983 at 12 MBD. After peaking, the CIA predicted, oil output would decline to 8 to 10 MBD by 1985. The implication was that the Soviets would have to buy oil on the world market or tap new sources outside Siberia to supply satellite nations in Eastern Eu-

rope. Many people speculated that the invasion of Afghanistan in 1979 was inspired partly by the search for new energy resources.

The Soviets, however, have been producing more oil than the CIA predicted. Instead of peaking in 1978, production has climbed. It stands at about 12.1 MBD and shows no sign of dropping off soon. Furthermore, Soviet planning councils have set an ambitious goal of producing 12.4 to 12.9 MBD by 1985. As a result, the CIA has conceded a point to critics in the United States, including Marshall Goldman, an economics professor at Wellesley College, who claimed that the CIA report was unduly pessimistic. The agency has revised its oil forecast, leading Goldman to tell the *New York Times* recently that "those who think the Soviets must go into the Middle East for oil are wrong."



Although the CIA has made some concessions to its critics, it has not done so gracefully, nor has it abandoned its belief that Soviet oil production will decline in this decade. Because the Reagan Administration ended the CIA's practice of briefing the press on such issues, the agency is not defending its argument in detail. But the CIA did release a terse statement in May noting that the press had "overstated" the extent of the revision. The underlying analysis remains unchanged, the CIA claims, and the advent of the oil crisis has only been postponed a few years.

"All the problems that we foresaw the Soviets facing are emerging, although the [oil] output in the near term will be somewhat higher than we anticipated in 1977," the CIA's announcement says. "Despite extremely costly efforts, Soviet output at most is likely to remain at about present levels of 12 MBD for 1 to 3 years, and then begin to decline. We now expect 1985 outputs to approximate 10 to 11 MBD, compared with our original estimate of 8 to 10 MBD. Only the rapid discovery of very large amounts of oil can avert this outcome." So, if the wolf is not gnawing at the door, he may be prowling in the forest nearby.

Goldman says he now agrees with the CIA's analysis of the Soviet oil industry.—*Elliot Marshall*